

Mine Name: Pete

Other Agency File Number: E/019/0074

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940
---ooOoo---
EXPLORATION RECLAMATION CONTRACT

RECEIVED

JAN 20 2012

DIV. OF OIL, GAS & MINING

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between *MEC, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). * Mining & Exploration Consultants, Inc.

WHEREAS, Operator desires to conduct exploration operations under Notice of Intention (NOI) File No. E/019/0074 which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the exploration operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the exploration operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the exploration operations conducted or to be conducted pursuant to a Complete Notice of Intention. If the Notice of Intention to Conduct Exploration Operations affects more than five (5) acres, the Operator further agrees to reclaim in accordance with the mining and reclamation plan (Reclamation Plan) approved by the Division.
2. A Notice of Intention to Conduct Exploration is valid until November 30th of the year following submittal. Reclamation required by this Contract and the Reclamation Plan, must be completed within that time unless an operator prior to expiration notifies the Division in writing specifying the reasons an extension is required. Failure to make a request and pay the fees as required

may result in suspension of the Operator's authorization to conduct exploration operations.

3. The Lands Affected by the exploration operations and subject to the requirements of the Act and this Contract include:
 - A. All surface and subsurface areas affected or to be affected by the exploration operations including but not limited to on-site private ways, roads, and railroads; land excavations; drill sites or workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, or waste discharge areas, structures, and facilities; shafts, drill holes, and pits or cuts; and
 - B. All exploration disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by exploration or mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the exploration operations as described in the Complete NOI.
4. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI, which are intended to assist in determining the location of the exploration operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
5. The Operator prior to commencement of any exploration operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
6. If the Surety expressly provides for cancellation or termination for non-renewal:

- i. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - ii. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further exploration activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the exploration operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.
7. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by exploration operations in accordance with the Act and regulations, as amended. If the Operator desires to extend the exploration operations beyond November 30th of the year following submittal or if the exploration operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
8. If reclamation of discrete sections of the Lands Affected by the exploration operations is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the exploration area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining exploration operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
9. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.

10. Operator agrees to pay all legally determined public liability and property damage claims resulting from exploration operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
11. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
12. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.
13. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease exploration operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
14. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
15. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
16. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the exploration operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.

17. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

Mining & Exploration Consultants, Inc.

Operator Name

By Michael D. Shumway

Authorized Officer (Typed or Printed)

President

Authorized Officer - Position

Michael D. Shumway 1/18/12
Officer's Signature Date

STATE OF Utah)

) ss:

COUNTY OF Grand)

On the 18th day of January, 20 12, Michael D Shumway personally appeared before me, who being by me duly sworn did say that he/she is an President (owner, officer, director, partner, agent or other (specify)) of the Operator Mining & Exploration Consultants, Inc. and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Ruth Ann Wareham
Notary Public
Residing at Moab Utah



Aug 9, 2012
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By [Signature]
Dana Dean, P.E. Associate Director

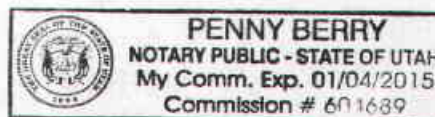
JANUARY 26, 2012
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 26 day of January, 2012, Dana Dean
personally appeared before me, who being duly sworn did say that he, the said
Dana Dean is the Associate Director of the Division of Oil, Gas and
Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to
me that he executed the foregoing document by authority of law on behalf of the State
of Utah.

[Signature]
Notary Public
Residing at: Salt Lake

1/4/2015
My Commission Expires:



FACT SHEET

Commodity: Copper

Mine Name: Pete

Permit Number: E/019/0074

County: Grand

Acres: 1.4

Total Number of Holes: 37

Wet: 1 **Dry:** 36

Number of Holes permitted: 37

Wet: 1 **Dry:** 36

Operator Name: Mining & Exploration Consultants, Inc. (MEC, Inc)

Operator Address: P.O. Box 1032, Moab, Utah 84532

Operator phone: 435-259-2333

Operator Fax: 435-259-9864

Operator Email: kshumway@frontier.com

Contact Name: Kelly Shumway

Surety Type: Cash

Surety Amount: \$31,170.00

Account number: _____

Tax ID or SS number (required for cash only): _____

Surface owner: State / BLM

Mineral owner: State / BLM

Other reference numbers: _____

*****DOGM Contact:** Penny Berry, State of Utah, Division of Oil Gas and Mining, 801 538 5291 or
bondcoordinator@utah.gov

0002857

11-24

Office AU #

1210(8)

CASHIER'S CHECK

0285703056

Operator I.D.: utah0424

utah3361

PAY TO THE ORDER OF

UTAH STATE TREASURE
E/019/0074 PETE

January 18, 2012

Thirty-one thousand one hundred seventy dollars and no cents

***\$31,170.00**

ORIGINAL CHECK
ROUTED TO ACCOUNTING

WELLS FARGO BANK, N.A.
4 N MAIN ST
MOAB, UT 84532
FOR INQUIRIES CALL (480) 394-3122

VOID IF OVER US \$ 31,170.00

Jessica Cross
AUTHORIZED SIGNATURE

⑈0285703056⑈ ⑆12100024814861505600⑈

RECEIVED

JAN 20 2012

DIV. OF OIL, GAS & MINING

MINERALS BONDS

Cash RECEIPT

Date 1/20/2012

Amount \$ 31,170⁰⁰
Check # 0285703056

Permit Number	E/019/0074
Operator	MEC Inc
For/Memo	New Surety
Signature	Penny Berry

Tom Munson - Re: Pete-E0190074

From: William Stokes
To: Tom Munson
Date: 1/31/2012 10:22 AM
Subject: Re: Pete-E0190074

RECEIVED E-Mail
 JAN 31 2012

I thought the Cultural clearance was covered in the E-mail attached to your file. E-mail dated 1/16/12, From starpoint to Rebecca Doolittle at the BLM. " It is recommended that vehicle traffic associated with the project be limited to the existing roadway in the vicinity of the eligible sites. Based on adherence to this recommendation, a recommendation of "no historic properties affected" is proposed for this undertaking ..." This should satisfy the requirements for cultural clearance.

>>> Tom Munson 1/31/2012 9:53 AM >>>
 How about the cultural clearance?

Tom Munson
 1594 West North Temple, Suite 1210
 Salt Lake City, Utah 84105
 801-538-5321

tommunson@utah.gov

Fax 801-359-3940

Normal work hours MTWT 7 AM to 6 PM; off Fridays.

Office hours M-F 8 AM to 5 PM

>>> William Stokes 1/31/2012 9:34 AM >>>

The School Trust Lands Administration has reviewed the proposed project and reclamation Bond. The proposed bond amount satisfies the requirement of the Trust Lands Administration.

>>> Tom Munson 1/18/2012 3:45 PM >>>

Exploration Bond Calculation Worksheet E/019/0074 (DH <800ft)

Pete Project-Mike Shumway

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,500.00	\$7,500.00
Add'l Acres Disturbance	1	\$4,500.00	\$4,500.00
Drill Hole Concrete Surface Plugs	37	\$210.00	\$7,770.00
Mob/de-mob dry drill holes	1	\$1,000.00	\$1,000.00
Feet Wet Drill Hole Bentonite Plugs	800	\$4.25	\$3,400.00
Mob/de-mob wet drill holes	1	\$7,000.00	\$7,000.00
TOTAL			\$31,170.00

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Tom Munson - Re: Pete-E0190074

From: William Stokes
To: Tom Munson
Date: 1/31/2012 9:35 AM
Subject: Re: Pete-E0190074

The School Trust Lands Administration has reviewed the proposed project and reclamation Bond. The proposed bond amount satisfies the requirement of the Trust Lands Administration.

>>> Tom Munson 1/18/2012 3:45 PM >>>

Exploration Bond Calculation Worksheet E/019/0074 (DH <800ft)

Pete Project-Mike Shumway

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Drill Hole Concrete Surface Plugs	37	\$210.00	\$7,770.00
Mob/de-mob dry drill holes	1	\$1,000.00	\$1,000.00
Feet Wet Drill Hole Bentonite Plugs	800	\$4.25	\$3,400.00
Mob/de-mob wet drill holes	1	\$7,000.00	\$7,000.00
TOTAL			\$31,170.00

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